

**REMARKS/ARGUMENTS**

This Amendment is in response to the Office Action of April 21, 2005 in which the Examiner (1) rejected claims 14 and 17 as being indefinite under U.S.C. §112, second paragraph, (2) rejected claims 1, 2, 4-7, 9, 13, 15, 16 and 18 under 35 U.S.C. §102(e) as being anticipated by U.S. Patent No. 6,543,809 ("**Kistner**"), (3) rejected claims 10 and 19-21 as being unpatentable over **Kistner**, and (4) objected to claims 3, 8, 11 and 12 as being dependent upon a rejected base claim.

By the present Amendment, Applicant has cancelled claims 3, 6, 7, 8, 16, and 18 - 21, and has added new claims 31-35. Thus, claims 1, 2, 4, 5, 9 - 15, 17, and 22 - 35 are now pending.

Claims 3 and 8, which were indicated as allowable, have now had their subject matter incorporated into each of their respective parent claims 1 and 5. For that reason, claims 1 and 5 (and claims 2, 4, and 9 - 15 which depend from those claims) are now believed to be in condition for allowance.

Claim 17, which was rejected only under 35 U.S.C. §112, had been amended to overcome such rejection by reciting that "an account associated with the presentation instrument" is activated (rather than the presentation instrument itself is activated). For that reason, claim 17 is also believed to be in condition for allowance.

As to claim 14 (also rejected under 35 U.S.C. §112), Applicant points out that, as described in the specification, the account identifier on the presentation instrument and the account identifier on the carrier may in fact be the same information. In such disclosed embodiment, use of means to physically alter the carrier (when the presentation instrument is separated from the carrier), results in the identifier on the carrier only being used to activate the account and not conduct transactions against it. For this reason, claim 14 is believed to be correct and to meet the requirements of 35 U.S.C. §112.

Applicant has added new claim 31, which essentially recites the subject matter formerly recited in cancelled claim 7, and reflects some of the features of the embodiment illustrated in Figs 5 and 6. Since claim 31 includes limitations that the two sub accounts are

separate and different, that both are "electronically read" from the presentation instrument and carrier, that each is associated the debit account in a database, and that the "second account number when read from the carrier cannot be used to conduct transactions against the account," such claim is distinguishable from **Kistner**.

New claim 32 recites the subject matter of claim 5 (prior to amendment herein), but with the additional limitation that the account identifier on the presentation instrument and carrier are both "visible in the assembly when the presentation instrument is held for display by the carrier." Such feature makes claim 32 distinguishable from **Kistner**. New claims 33-35 are dependent on claim 32 and are likewise distinguishable from **Kistner**.

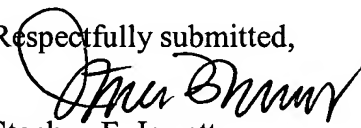
Applicant has noted that claims 22 - 30, which were added by a Preliminary Amendment dated February 4, 2005 (copy attached for the convenience of the Examiner), were not referenced in the Office Action. Applicant believes such claims are distinguishable from **Kistner**, but respectfully requests that the Examiner specifically address such claims in the next Office Action.

### CONCLUSION

In view of the foregoing, Applicant believes all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 303-571-4000.

Respectfully submitted,

  
Stephen F. Jewett  
Reg. No. 27,565

TOWNSEND and TOWNSEND and CREW LLP  
Two Embarcadero Center, Eighth Floor  
San Francisco, California 94111-3834  
Tel: 303-571-4000  
Fax: 415-576-0300  
Attachment  
SFJ:bhr  
60485889 v1